

SENATE BILL 659
By Cooper J

AN ACT to amend Tennessee Code Annotated, Title 56, relative to insurance.

WHEREAS, the United States Supreme Court, in *Barnett Bank of Marion County, NA v. Tom Gallagher, Florida Insurance Commissioner*, 517 U.S. 25 (1996), held that federal laws allowing national banks to offer insurance agency services preempt state anti-affiliation laws which limit the ability of banks in that state to offer general insurance agency services to their customers; and

WHEREAS, the Gramm-Leach-Bliley Act of 1999, Public Law 106-102, removed the barriers separating various financial services providers, including banks, insurance companies, and securities, to permit cross-ownership and sales of products in the financial area by all providers; and

WHEREAS, Tennessee law has an "anti-affiliation statute" (TCA, Title 56, Chapter 6, Part 2), as well as other statutory provisions, which appear to limit the ability of banks in Tennessee owned by bank holding companies to provide insurance agency services to their customers; and

WHEREAS, it is important to Tennessee citizens that Tennessee-chartered banks maintain at least a competitive equality to these other financial institutions; and

WHEREAS, the Tennessee anti-affiliation act is ineffective, has been preempted,

and serves only to cause confusion, and thus, should be deleted; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 56, is amended by deleting sections 56-6-201 through 56-6-204 in their entirety.

Section 2. This act shall take effect upon becoming a law, the public welfare requiring it.